

NTS Am. Jur. 2d Real Estate Time-Sharing § 3

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Real Estate Time-Sharing

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I. In General

§ 3. Taxation

Topic Summary

The same principles regarding taxation and exemptions therefrom which have been applied to condominiums in general²⁵ may also be applicable to condominiums in which time-shares are conveyed.²⁶ It may be noted, in this connection, that the Uniform Real Estate Time-Share Act (URETSA)²⁷ contains the following provision: “Each time-share estate constitutes for all purposes a separate estate in real property. Each time-share estate [other than a time-share estate for years] must [not] be separately assessed and taxed. [Notices of assessments and bills for taxes must be furnished to the managing entity, if any, or otherwise to each time-share owner, but the managing entity is not liable for the taxes as a result thereof.]”²⁸ Thus, whether or not time-share estates are also separate property for purposes of assessment and taxation, and whether or not a distinction is made in this regard between fee-simple time-share estates and time-share estates for years,²⁹ will depend on what choices a state makes with respect to the bracketed language.³⁰ A state may wish to differentiate between time-share estates for years either on the basis of the length of time between the date the estate becomes possessory and the date it ceases to be possessory, or on the basis of the aggregate amount of time during which it is possessory.³¹

With regard to federal taxes, one commentator has stated that since the vast majority of time-sharing interests are acquired purely or at least primarily for personal use, there are no particular tax problems affecting the purchasers, who may take deductions for interest on loans obtained to finance their purchase and for their share of the taxes on the property, while the developer of a condominium project to be sold under a time-sharing ownership program³² would appear to be in essentially the same tax position as any other condominium seller, and in computing his profit on the sale of an undivided interest in a condominium unit, he would deduct the portion of the costs allocable to such undivided interest;³³ but the commentator noted further that the owner of a resort project who sells vacation licenses³⁴ may have a serious problem because it is probable that he will be required to include the entire purchase price in income in the year of receipt or accrual, as the case may be, whereas most of his expenses, including depreciation, will not become deductible until the subsequent years in which they are paid or incurred.³⁵

CUMULATIVE SUPPLEMENT

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[Property taxation of residential time-share or interval-ownership units, 80 A.L.R. 4th 950.](#)

Cases:

In determining value for property tax purposes of time-share interests in property, owners were not entitled to deductions for excessive marketing costs, atypical financing costs, and other extraordinary costs allegedly associated with fee time share estates. [Oyster Pointe Resort v Nolte \(1988, Fla\) 524 So 2d 415, 13 FLW 242, 80 ALR 4th 941](#).

Florida statute providing for ad valorem taxation of time-share interests in real property that designated managing entity as “taxpayer” and agent of time-share period titleholders was constitutional. [Day v High Point Condominium Resorts, Ltd \(1988, Fla\) 521 So 2d 1064, 13 FLW 55](#), corrected (Fla) 13 FLW 259.

Property tax statute governing time-share projects does not require any method for valuing real property owned in time-share estates other than sales of comparable properties. 32 Vt. Stat. Ann. §§ 3481, 3619. [Jackson Gore Inn v. Town of Ludlow, 2020 VT 11, 228 A.3d 643 \(Vt. 2020\)](#).

[END OF SUPPLEMENT]

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Footnotes

- ²⁵ **Legal Encyclopedias**
See [15A Am. Jur. 2d, Condominiums and Co-operative Apartments §§ 48–50](#).
- ²⁶ [71 A.L.R. 3d 952](#).
Law Reviews and Other Periodicals
[Davis, Time-Sharing Ownership—Legal and Practical Problems, St. John’s L Rev 48:1193, 1194 \(1974\)](#).
- ²⁷ For general discussion of URETSA, see [§ 9](#), *infra*.
- ²⁸ Uniform Real Estate Time-Share Act § 1-103(b).
- ²⁹ As to methods of creating time-share ownership, generally, see [§ 2](#), *supra*.
- ³⁰ See Commissioners’ Comment 4 to Uniform Real Estate Time-Share Act § 1-103.
- ³¹ See Commissioners’ Comment 5 to Uniform Real Estate Time-Share Act § 1-103.
- ³² As to time-share ownership, or TSO, in general, see [§ 2](#), *supra*.
- ³³ **Legal Encyclopedias**
Generally as to federal tax problems in connection with condominium or co-operative housing, see [34 Am. Jur. 2d, Federal Taxation ¶¶ 7643 et seq.](#)
Law Reviews and Other Periodicals
[Yurow, Resort Condominiums: Rental and Time Sharing Programs; Tax and Securities Problems, NYU Inst Fed Taxation 33:1217 \(1975\)](#).
- ³⁴ As to vacation licenses, generally, see [§ 2](#), *supra*.
- ³⁵ **Law Reviews and Other Periodicals**
[Yurow, Resort Condominiums: Rental and Time Sharing Programs; Tax and Securities Problems, NYU Inst Fed Taxation 33:1218 \(1975\)](#).

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